

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of San Diego Gas & Electric Company (U 902 G) and Southern California Gas Company (U 904 G) for Authority to Integrate Their Gas Transmission Rates, Establish Firm Access Rights, and Provide Off-System Gas Transportation Services.

Application 04-12-004  
(Filed December 2, 2004)

**ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S  
AMENDED SCOPING MEMO AND RULING REGARDING PHASE II**

**Summary**

This ruling follows the April 7, 2006 prehearing conference (PHC), which discussed whether the scope of issues to be addressed in the second phase of this proceeding, which were previously identified in the May 24, 2005 scoping memo and ruling (scoping memo), should be broadened or narrowed. Phase II of this proceeding will address the firm access rights proposal of Southern California Gas Company (SoCalGas) and San Diego Gas & Electric Company (SDG&E), and off-system deliveries to Pacific Gas and Electric Company (PG&E). This second phase has sometimes been referred to as the firm access rights phase.

The April 7, 2006 PHC also established the evidentiary hearing schedule for Phase II. The evidentiary hearings for Phase II shall be held beginning on Monday, August 7, 2006 at 10:00 a.m., and continue each weekday through August 18, 2006.

## **Background**

The purpose of the April 7, 2006 PHC was to discuss whether the list of the Phase II issues, as set forth in the scoping memo should be broadened or narrowed, and to discuss the procedural schedule for this phase of the proceeding. The parties were allowed to file PHC statements, and an opportunity was provided at the PHC for the parties to address the Phase II issues.

The assigned Administrative Law Judge (ALJ) stated that this ruling would issue after the Commission adopted a decision on the system integration proposal of SoCalGas and SDG&E. The Commission adopted a decision on the system integration proposal at its April 13, 2006 meeting.

## **Scope of Issues for the Second Phase**

The firm access rights and off-system delivery issues were first identified in the scoping memo. The scope of those issues was developed as a result of the pleadings that had been filed, and the arguments of the parties at the April 28, 2005 PHC. Since this proceeding was bifurcated into two phases, and the system integration phase just completed, we allowed the parties to address whether the list of the Phase II issues, as set forth in the scoping memo, should be broadened or narrowed.

At the April 7, 2006 PHC, we addressed the list of issues that parties believe should be included in Phase II. As stated at the PHC, many of the issues that the parties had addressed in their PHC statements, and which were listed on the first bullet point of the PHC agenda, are already covered by the list of issues contained in the scoping memo. (See April 7, 2006 Reporter's Transcript, pp. 88-90.) The parties may address these sub-issues in their prepared testimony and/or through cross examination of other witnesses.

The bullet point in the PHC agenda regarding “whether gas suppliers (as opposed to end use customers) can hold transportation rights” is, upon review, covered by the following scoping memo issue: “Should the firm access rights proposal of SDG&E and SoCalGas be adopted, or should the existing ‘windowing’ system of gas nominations and transmission be retained, or should alternative transmission access proposals be considered?” (Scoping Memo, p. 3.) Accordingly, there is no need to add to or revise the existing list of the scope of issues for Phase II for this bullet point.

The bullet point in the PHC agenda that states “whether the other proposed transmission zones provide an advantage to Liquefied Natural Gas (LNG) supplies that might enter through delivery points other than Otay Mesa” shall be incorporated into the firm access rights issue which states:

“Do the proposed transmission zones provide an advantage to LNG supplies that might enter through Otay Mesa using the proposed Southern Transmission Zone?” (Scoping Memo, p. 4.)

That issue shall be revised to incorporate the possible entry of LNG supplies at receipt points at other proposed transmission zones. Accordingly, that issue shall be revised and phrased as follows:

“Do the proposed transmission zones provide an advantage to LNG supplies that might enter through Otay Mesa using the proposed Southern Transmission Zone, or through any other receipt point on another transmission zone?”

Another issue discussed at the PHC was the possible impact of the proposed settlement agreement arising out of a class action lawsuit involving SoCalGas and SDG&E that was filed in the Superior Court of San Diego County. The proposed settlement agreement could affect the firm access rights issues, and is covered within the scoping issue of “Should the firm access rights proposal of

SDG&E and SoCalGas be adopted....” SoCalGas and SDG&E, and other parties may address the potential impact of this proposed settlement agreement in their prepared testimony and/or during the examination of witnesses.

Some of the parties advocated that the off-system delivery issues, as set forth in the scoping memo, should be broadened to include off-system deliveries to other pipelines that deliver natural gas to end use customers in California, and to address off-system delivery on an interruptible basis. The arguments regarding whether the off-system delivery issues should be broadened were raised during the April 28, 2005 PHC and in the April 7, 2006 PHC. After consideration of the arguments of the parties, and to limit the scope of issues that the Commission should address in this proceeding, the off-system delivery issues to be addressed in this phase of the proceeding shall be limited to the issues listed in the scoping memo.

Other parties advocated that this phase of the proceeding should also address gas balancing, diversion and curtailment procedures, hub transactions, and gas storage. Similar arguments were made during the April 28, 2006 PHC. After consideration of the arguments of the parties, and to limit the scope of issues that the Commission should address in this proceeding, gas balancing, diversion and curtailment procedures, hub transactions, and gas storage will not be considered in this proceeding.

The scope of issues that are to be addressed in Phase II shall be the issues listed in the May 24, 2005 scoping memo as “Firm Access Rights Issues,” as modified by the revised scoping issue discussed above, and “Off-System Delivery Issues.”

### Procedural Schedule for Phase II

At the April 7, 2006 prehearing conference, we discussed the procedural schedule for addressing the issues in Phase II. The following is the procedural schedule that we will use.

Event	Date
SoCalGas to serve its revised prepared testimony on the service list.	May 5, 2006
SoCalGas to host a technical workshop in Los Angeles to informally discuss its revised prepared testimony in an effort to refine other parties' discovery efforts.	May 16, 2006
All other parties to serve their responsive prepared testimony on the service list.	July 7, 2006
All parties to serve their prepared rebuttal testimony.	July 28, 2006
Telephone prehearing conference to discuss scheduling of witnesses and other hearing related issues.	August 1, 2006 at 11:00 a.m.
Evidentiary hearings at 505 Van Ness Avenue in San Francisco.	Beginning August 7, 2006 at 10:00 a.m., and each weekday thereafter through August 18, 2006
Filing of opening briefs.	September 6, 2006 - tentative
Filing of reply briefs and submission of the proceeding.	September 15, 2006 - tentative
Proposed decision issued.	October 31, 2006 - tentative
Comments and reply comments filed regarding the proposed decision.	In accordance with Rules 77.2 and 77.5

Commission decision.	November 30, 2006 - tentative
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By May 1, 2006, SoCalGas shall notify the service list by e-mail of the time and location of the May 16, 2006 technical workshop.

At least one week before the August 1, 2006 telephone prehearing conference, the assigned ALJ will notify the service list by e-mail of the conference call-in number and passcode.

Therefore, **IT IS RULED** that:

1. The scope of issues for Phase II of this proceeding shall be the "Firm Access Rights Issues," as revised in this ruling, and the "Off-System Delivery Issues," as described in the May 24, 2005 Assigned Commissioner and Administrative Law Judge's Scoping Memo and Ruling.
2. The evidentiary hearing schedule for Phase II of this proceeding is set forth above.

Dated April 17, 2006, at San Francisco, California.

/s/ GEOFFREY F. BROWN  
Geoffrey F. Brown  
Assigned Commissioner

/s/ JOHN S. WONG by JANET A. ECONOME  
John S. Wong  
Administrative Law Judge

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner and Administrative Law Judge's Amended Scoping Memo and Ruling Regarding Phase II on all parties of record in this proceeding or their attorneys of record.

Dated April 17, 2006, at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda Pulmano

**N O T I C E**

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